



Women in Cable &
Telecommunicationssm

1979-2004

25 YEARS OF Creating leaders. Together.sm

July 29, 2004

Chairman Michael K. Powell
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Powell,

On behalf of WICT's 4,500 members, we urge you to oppose legislative proposals to require cable and satellite providers to offer programming on an *a la Carte* basis. For 25 years, Women in Cable & Telecommunications has worked hard to develop women leaders who transform our industry. Our members have created diverse programming for the American consumer and any attempt to dictate the packaging of such programming would give consumers less choice and diversity while increasing the cost.

Over the last 20 years, a wide assortment of diverse programming has entered the marketplace. An *a la Carte* system would dramatically change the availability of these offerings. According to the fall 2003 GAO report, *Issues Related to Competition and Subscriber Rates in the Cable Television Industry*, "some cable networks, especially small and independent networks would not be able to gain enough subscribers to support the network."¹

A la Carte would make entrance into the marketplace nearly impossible for new channels. Bundling enables new channels to build on the popularity of those established channels with which they are packaged. Cable channels often depend on the dual revenue streams of advertising revenue and licensing fees paid by cable operators. Providing channels on an *a la Carte* basis would diminish their ability to sustain the level of advertising dollars while also reducing their viewership and collection of licensing fees.

The recently released Beta Research Cable Subscriber Interest Study "affirmed the proposition that the narrower the focus of a channel, the more likely the favorable impression."² Consumers may not have the opportunity to view these niche channels under an *a la Carte* model because there will not be sufficient revenue to support such specialized programming. Additionally, the increased difficulty for new channels

entering the marketplace will reduce the number of new employment opportunities for women and men within the industry.

A reduction of revenue and viewers would also have the adverse effect of making cable more expensive for consumers, even those that choose not to participate in an *a la Carte* model. Bear Stearns March, 2004 study of the *a la carte* issue found that regulation “is probably more expensive than today’s basic + expanded basic package...”³ Likewise, in a letter to members of Congress, 20 women programming executives, mostly WICT members, stated that “consumers who now pay \$40 per month for expanded basic cable service that provides 60 to 70 channels, may need to pay the same \$40 for a fraction of the channels they currently receive.”⁴ Consumers will also be required to purchase or rent the equipment, such as an addressable converter box, which would ensure they receive only the channels they order.

We urge you to oppose any effort to require that programming be sold on an *a la carte* basis. The diversity in programming that grows on an almost daily basis would be impossible to maintain under such a system. Diversity in programming has improved immensely, but there is still plenty of room for growth.

Sincerely,

A handwritten signature in dark ink, reading "Benita Fitzgerald Mosley". The signature is fluid and cursive, with the first name "Benita" being the most prominent.

Benita Fitzgerald Mosley
WICT President & CEO

¹ Report of the U.S. General Accounting Office. “Issues Related to Competition and Subscriber Rates in the Cable Television Industry. October 2003.

² Fitzgerald, Toni. “For cable viewers, narrower is better.” Media Life. July 21, 2004.

³ “A La Smart?” Research report issued by Bear Stearns. March 2004.

⁴ “An open letter to Congress from women programming executives opposing a la carte pricing.” April 2004.